

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

STANADYNE LLC, *et al.*¹

Debtors.

Chapter 11

Case No. 23-10207 (TMH)

Jointly Administered

Re: Docket Nos. 245, 265, 393, 394

Sale Hearing: July 10, 2023 at 10:00 am (ET)

Sale Objection Date: June 30, 2023²

**RESPONSE AND RESERVATION OF RIGHTS OF THE PENSION BENEFIT
GUARANTY CORPORATION TO DEBTORS' MOTION FOR ENTRY OF: (A) AN
ORDER (I) SCHEDULING A HEARING ON THE APPROVAL OF THE SALE OF ALL
OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL
ENCUMBRANCES OTHER THAN ASSUMED LIABILITIES AND PERMITTED
ENCUMBRANCES, AND THE ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES, (II) APPROVING CERTAIN
BIDDING PROCEDURES AND ASSUMPTION AND ASSIGNMENT PROCEDURES,
AND THE FORM AND MANNER OF NOTICE THEREOF, (III) AUTHORIZING THE
DEBTORS TO ENTER INTO THE STALKING HORSE PURCHASE AGREEMENT,
AND (IV) GRANTING RELATED RELIEF; AND (B) AN ORDER (I) APPROVING
ASSET PURCHASE AGREEMENT, (II) AUTHORIZING THE SALE OF ALL OR
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL
ENCUMBRANCES OTHER THAN ASSUMED LIABILITIES AND PERMITTED
ENCUMBRANCES, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF
CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV)
GRANTING RELATED RELIEF**

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Stanadyne LLC (0378); Pure Power Technologies, Inc. (5202); Stanadyne PPT Holdings, Inc. (2594); and Stanadyne PPT Group Holdings, Inc. (1734). The Debtors' headquarters are located at 405 White Street, Jacksonville, North Carolina 28546.

² The Debtors extended the objection deadline for the Official Committee of Unsecured Creditors and its members.

Pension Benefit Guaranty Corporation (“PBGC”), an agency of the United States government, on its own and on behalf of the Stanadyne LLC Pension Plan (“Pension Plan” or “Plan”) hereby files this response and reservation of rights to the above-captioned Motion (the “Sale Motion”) and proposed order filed by the Debtors (D.I. 245, 265, 393).

PBGC is working with the Debtors and the Purchaser regarding its concerns with the Motion and proposed sale order and expects to reach a consensual resolution which will be incorporated into the sale order. However, out of an abundance of caution in the event that this Court does not enter a sale order incorporating language satisfactory to PBGC, PBGC files this response to reserve its rights regarding the liability of non-Debtors with respect to the Pension Plan.

1. PBGC is the federal government agency that administers and enforces the defined benefit pension plan termination insurance program under Title IV of ERISA. PBGC guarantees pension benefit payments upon termination of a pension plan covered by Title IV of ERISA.

2. When an underfunded Title IV plan terminates, PBGC generally becomes trustee of the plan and supplements any assets remaining in the plan with its insurance funds to pay to the retired employees their pension benefits, subject to statutory limits. *See* 29 U.S.C. §§ 1321-1322, 1342, 1361.

3. The sponsor of a Title IV plan and members of the sponsor’s controlled group are jointly and severally liable for liabilities arising under ERISA with respect to the plan.³ *See* 26 U.S.C. § 412(c)(11); 29 U.S.C. §§ 1082(c), 1301(a)(18), 1306, 1307, 1362(b).

³ A controlled group is a group of trades or businesses under common control, which includes, for example, a parent and its 80% owned subsidiaries. *See* 29 U.S.C. § 1301(a)(14); 26 U.S.C. § 414(b), (c); 26 C.F.R. §§ 1.414(b)-1, 1.414(c)-1, 1.414(c)-2, 1.414(c)-4.

4. Debtor Stanadyne sponsors the Pension Plan, which is covered by Title IV of ERISA and insured by PBGC. The Pension Plan covers approximately 1,425 participants.

5. Stanadyne and each member of its controlled group are jointly and severally liable for the Plan's unfunded benefit liabilities, any contributions owed to the Pension Plan, and premiums owed to PBGC.

6. PBGC filed joint and several liability claims against each of the Debtors for the following: (i) the Pension Plan's unfunded benefit liabilities; (ii) due and unpaid minimum funding contributions owed to the Pension Plan; and (iii) unpaid premiums owed to PBGC.

7. The successful bidder of the Debtors' assets is the stalking horse bidder, Stanadyne Operating Company LLC, f/k/a S-PPT Acquisition Company LLC ("Purchaser") (D.I. 394).

8. The Purchaser has indicated to PBGC that it will not assume the Pension Plan.

9. The equity of the non-Debtor subsidiaries of the Debtors is included in the Purchased Assets under the Asset Purchase Agreement. These non-Debtor subsidiaries are members of Stanadyne's controlled group and are jointly and severally liable for ERISA liabilities with respect to the Pension Plan.

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10. As stated above, PBGC is working with the Debtors and Purchaser to resolve its concerns but, nevertheless, files this response to reserve its rights to protect the Pension Plan and its participants and preserve the liability of non-Debtors with respect to the Pension Plan.

Dated: June 30, 2023
Washington, D.C.

Respectfully submitted,

/s/ Soo Min Kim
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CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of June, 2023, a true and correct copy of the foregoing Response and Reservation of Rights of the Pension Benefit Guaranty Corporation to Debtors' Motion for Entry of: (A) An Order (I) Scheduling a Hearing on the Approval of Sale of All or Substantially All of the Debtors' Assets Free and Clear of All Encumbrances Other Than Assumed Liabilities and Permitted Encumbrances, and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures and Assumption and Assignment Procedures, and The Form and Manner of Notice Thereof, (III) Authorizing the Debtors to Enter into the Stalking Horse Purchase Agreement, And (IV) Granting Related Relief; and (B) an Order (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of All or Substantially All of the Debtors' Assets Free and Clear of All Encumbrances Other Than Assumed Liabilities and Permitted Encumbrances, (III) Authorizing The Assumption and Assignment of Certain Executory Contracts And Unexpired Leases, and (IV) Granting Related Relief was filed electronically with the Court using the CM/ECF system which sent notice to all counsel of record in this matter.

/s/ Soo Min Kim
Soo Min Kim